

DRAFT MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK FOR THE FINANCIAL YEAR PERIOD

2013/2014 -2015/2016

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ANNEXTURES

1. Budget related policies
 2. Rates and Tarrifs
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Abbreviations and Acronyms

BSC	Budget Steering Committee
CFO	Chief Financial Officer
MM	Municipal Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DoRA	Division of Revenue Act
FBS	Free basic services
GVA	Gross Value Added
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
IBT	Inclining Block Tariff
IDP	Integrated Development Plan
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt hour
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act (56 of 2003)
MIG	Municipal Infrastructure Grant
EXCO	Executive Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator of South Africa
PBO	Public Benefit Organisations
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
SALGA	South African Local Government Association
SDBIP	Service Delivery Budget Implementation Plan

Part 1 – Annual Budget

1.1 Mayor's Report

The Mayor's report on the budget will be tabled separately by the Mayor during the Municipal Council meeting.

1.2 Council Resolutions

Council of Bela Bela Local Municipality met on 28 March 2013 in the Council Chambers where the Mayor tabled the 2013/14 Medium Term Revenue and Expenditure Framework. After tabling, the draft budget will be subjected to consultations and public participation with a variety of stakeholders including the community and ratepayers, business formations, sector departments and consultative fora prior to approval. The Council considered the following resolutions:

1. The Council of Bela Bela Local Municipality, acting in terms of section 16(2) of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The draft annual budget of the municipality for the financial year 2013/14 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 9 on page 16;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 10 on page 18;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 11 on page 20; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 12 on page 22.
 - 1.2. The cash flow budget, cash-backed reserve/accumulated surplus and asset management are approved as set out in the following tables:
 - 1.2.1. Budgeted Cash Flows as contained in Table 13 on page 23
 - 1.2.2. Asset management as contained in Table 15 on page 25.
2. The Council of Bela Local Municipality approves the following 2013/14 revised budget related policies as set out in Appendix 1:
 - 2.1. Property rates;
 - 2.2. Debt and credit control;
 - 2.3. Budget Implementation and Monitoring;
 - 2.4. Supply Chain Management Policy;
 - 2.5. Cash Management and Investment Policy;
 - 2.6. Asset Management Policy;
 - 2.7. Bad Debt irrevocable Policy; and
 - 2.8. Rates Policy.
3. The Council of Bela Bela Local Municipality , acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013 the tariffs as set out in Appendix 2;

- 3.1. the tariffs for property rates;
 - 3.2. the tariffs for electricity;
 - 3.3. the tariffs for the supply of water;
 - 3.4. the tariffs for sanitation services;
 - 3.5. the tariffs for solid waste services; and
 - 3.6. Sundry tariffs for all other municipal services.
4. The Council of Bela Bela Local Municipality approves the 2013/14 revised IDP as set out in Appendix 3;
 5. To give proper effect to the municipality's annual budget, the Council of Bela Bela Local Municipality approves:
 - 5.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of section 8 of the Municipal Budget and Reporting Regulations.
 - 5.2. That the municipality did not budget to raise long term loans to fund the capital budget.

1.3 Executive Summary

The 2012/2013 financial year has been a very challenging year for the Bela-Bela Local Municipality. The special Council meeting held on the 13 March 2013, to adopt the adjustment budget for 2012/2013 noted the decision by the Minister of Finance on the 12 December 2012, to invoke section 216(b) of the Constitution of the Republic and stop all conditional and unconditional grants to the municipality due to various instances of non-compliance with the Municipal Finance Management Act (no 56 of 2003) and other legislations.

In this Council meeting decisions were taken to recommit Council to ensure that compliance with all laws and regulations governing local government is achieved without fail. Council resolved to immediately develop a long-term financial plan that will inform the financial strategies that should guide the municipality, now and in the future, in practicing sound financial management. In preparation for this plan, the budget committee has taken note of the following strategic decision that underpins Draft MTREF 2013/2014. It is expected that this decisions will be incorporated into the long term financial plan;

- a) The municipality needs to focus on its core functions. During the compilation of 2013/2014 budget the Mayor, Chairperson of Finance Committee, Portfolio Councilors in conjunction with the Heads of Departments, scrutinised the budget to affect all possible savings;
- b) The need to maximise income through effectiveness and not necessary rates and service charge increases was again emphasised. Targets must be determined in certain cases;
- c) A separate income enhancement exercise needs to be developed to determine whether all consumers are billed and are contributing to the municipality's income;
- d) Sufficient provision for debtor's impairment should be made in the 2013/2014 operating budget. The writing off of bad debt will also be scrutinized to ensure that this is done within proper credit control measures;

- e) Provision should be made for a contribution to the capital replacement reserve (CRR) in the 2013/14 operating budgets;
- f) The policy relating to capital contributions must be developed to ensure that the municipality does not subsidise developers in terms of infrastructure developments;
- g) Greater emphasis must be put on cash management to improve liquidity;
- h) All attempts need to be made to maximise National and Provincial Government grants to fund capital projects;
- i) The marketing of available land is being reconsidered in an attempt to improve the sale of land and its related social, economic and community developments.

The 2012/13 adjustment budget in March 2013 again proved that the ability of Council to reduce costs is limited due to the fact that the fixed cost component of the operating budget exceeds the variable costs by far. The 2012/13 adjustments budget nonetheless laid the basis for this 2013/14 draft budget.

In spite of the abovementioned challenges, the municipality, with the exception of electricity sales and water, managed to restrict all tariff increases to single digit increases with an average of 8%.

National Treasury issued MFMA Circular No. 66 on 24 January 2013 providing guidance to municipalities on their 2013/14 budgets and Medium Term Revenue and Expenditure Framework (MTREF). Circular 66 was followed up by Circular no. 67 dated 12 March 2013. Circular No. 66 & 67 reminds us of the key focus areas for the 2013/2014 budget process, and that it must be read together with MFMA Circulars no. 48, 51, 54 and 55. It is essential reading material in order to understand the background to this budget.

Budget Overview of the 2012/13 MTREF

This section provides an overview of the Bela-Bela Municipality's 2013/14 to 2015/16 MTREF. It includes an assessment of how the budget links with the national and provincial government contexts along with a review of the fiscal position of Bela-Bela Municipality. In view of the aforementioned, the following table is a consolidated overview of the proposed MTREF:

Table 1: 2013/14 Budget Overview

	Adjust- ments Budget 2011/12	Budget Year 2012/13	Budget Year 2013/14	Budget Year 2014/15	Budget Year 2015/16
Total Operating Revenue	209,609,499 .49	258,464,716 .80	284,385,92 3.20	312,008,33 1.90	344,196,72 9.87
Total Operating Ex- penditure	206,130,762 .99	231,556,109 .28	305,917,09 3.70	319,133,76 0.37	337,503,48 1.76
Appropriations	25,524,800. 00	26,908,608. 00	26,846,750. 00	28,596,650 .00	30,435,200 .00
(Surplus)/Deficit	- 22,046,063. 50	-0.48	- 48,377,920. 51	- 35,722,078 .47	- 23,741,951 .88
Total Capital Ex- penditure	25,524,800. 00	26,908,608. 00	26,846,750. 00	28,596,650 .00	30,435,200 .00

The Municipality's budget must be seen within the context of the policies and financial priorities of national, provincial and district government. In essence, the spheres of Government are partners in meeting the service delivery challenges faced in Bela-Bela. Bela-Bela alone cannot meet these challenges. It requires support from the other spheres of Government through the direct allocation of resources as well as the achievement of their own policies. According to Circulars No. 66 and 67, the following headline forecasts underpin the national 2013 Budget:

Table 2: Headline forecast

Fiscal year	2010/11	2011/12	2012/12	2013/14	2014/2015	2015/16
	Actual		Estimate	Forecast		
Real GDP growth	3.4	3.1	2.5	3	3.6	3.8
CPI Inflation	3.8	5.6	5.6	5.6	5.4	5.4

The growth parameters apply to tariff increases for property rates, user and other charges raised by municipalities and municipal entities, to ensure that all spheres of government support the national macroeconomic policies, unless it can be shown that external factors impact otherwise. The budget process in Bela-Bela followed the requirements of the MFMA. A Committee which included the Mayor, Chairperson of Finance Committee was established to examine, review and prioritise budget proposals from departments.

1.4 Operating Revenue Framework

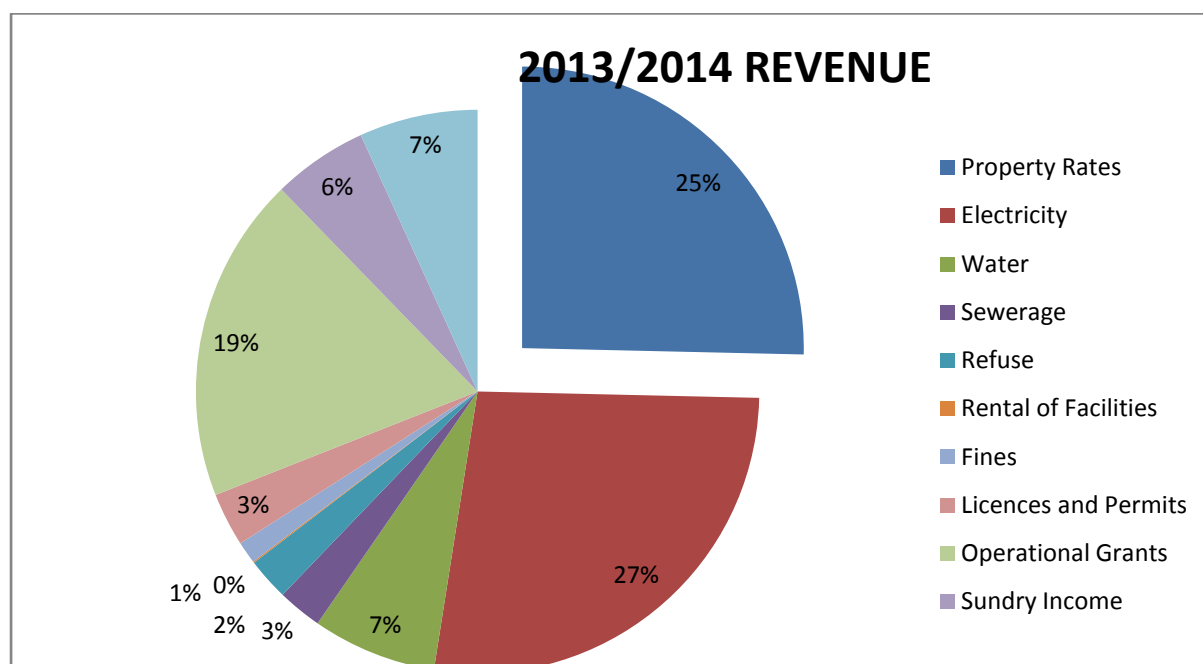
Overall budget growth was limited to 10% resulting in annual operating revenue increasing from R258 464 717 in 2012/2013 to R284 385 923 (excluding non-cash items) in 2013/2014. Taking cognisance of the economic conditions, the resultant low employment levels and levels of disposable income, it was important to keep services affordable by critically looking at the costs associated with providing the service and the effect on future service charges to provide the services. Accordingly leadership and management must investigate potential

pitfalls and amongst others spiralling expenditure on employee costs that does not keep trend with realistically anticipated revenue streams.

This municipality has access to limited revenue sources and therefore keeping a tight grip on staff costs and preventing wastage must be the key drivers to ensure an affordable, realistic and credible budget.

Table 3: Growth in Budgeted Revenue

INCOME CATERGORIES	2012/2013	2013/2014		% IN- CREASE
Property Rates	65,862,016	72,118,908	6,256,892	9%
Electricity	67,955,000	77,128,925	9,173,925	14%
Water	18,500,000	20,295,518	1,795,518	10%
Sewerage	6,645,900	7,260,280	614,380	9%
Refuse	6,304,286	6,903,193	598,907	10%
Rental of Facilities	219,000	214,100	-4,900	-2%
Fines	1,750,000	3,600,000	1,850,000	106%
Licences and Permits	8,600,000	8,750,000	150,000	2%
Operational Grants	49,473,392	53,227,250	3,753,858	8%
Sundry Income	15,051,123	15,541,000	489,877	3%
MIG	18,104,000	19,346,750	1,242,750	7%
Total Income	258,464,717	284,385,923	25,921,206	10%



Rental and Facilities Income in above table is less than 1 percentage points and as a result of rounding reflects as zero.

The 10% growth in revenue is mainly achieved by the following increases:

- Average tariff increases:
- Property Rates 13.5%;
- Electricity 8%;

- Water 13%;
- Sewerage 5.6%;
- Refuse 5.6%;

The Municipality continues to access a new grant allocation: EPWP Incentive Grant for Municipalities in a bid to give some relief to the poorest of the poor by means of contract employment opportunities over the short term, for 2013/14 an amount of R1 500 000 has been allocated.

Property Rates

In the 2013/2014 financial year, the property taxes paid by owners will increase by only 13.5%, whilst total rates income will increase by 9% as a result of projected growth due to natural growth and completed developments to be included in the income base. The increase in rates tariffs is attributed to the unbundling of some categories of properties that the municipality have, so in real terms the increase is 5.6%. Rates rebates to senior citizens and disabled persons are also available as per the requirements of the amended property rates policy, to qualifying ratepayers.

Electricity

According to NERSA, the inclining block rate tariff structure is commonly used to charge for electricity usage. The feature of this tariff structure is that the more you use, the higher the average price. The objective of the inclining block tariff is to provide protection for lower usage customers against high price increases resulting in a reduction in tariffs to these customers. This means that higher consumption customers will see increasingly punitive charges based on their electricity usage. The municipality is implementing the directive from NERSA as part of the Municipality's Licensing Agreement.

Council's attention is further drawn to the fact that the proposed electricity tariff is prescribed at 8% whereas the increase in electricity bulk purchases for the 2012/2013 financial year is also 8% as approved by NERSA (National Electricity Regulator of South Africa) for implementation by all municipalities.

Water

Taking cognizance of the plight of the poor and the affordability of basic services, the scale of 0 – 30 kl was increased with only 5.6%. The average tariff increase for the rest of the consumptive water scales is 13 %. **It is however important to note that the proposed revenue as per table above is based on the anticipated actual performance of the income to be derived in 2012/2013 and not based on the approved budget for the same year .**

Sewerage (Sanitation)

The proposed increase in this tariff is 5.6%. This tariff increase above is prescribed by circular 66 from National Treasury. **It is however important to note that the proposed revenue as per table above is based on the anticipated actual performance of the income to be derived in 2012/2013 and not based on the approved budget for the same year.**

Refuse (Solid Waste)

The solid waste tariffs were modelled to give effect to the principle of the service charge being cost reflective as the service cannot be cross-subsidized. It is proposed that the tariff

increases by 5.6% as a result of the before mentioned. The very nature of this tariff does not lend it to financing the expansion of the landfill site. **It is however important to note that the proposed revenue as per table is based on the anticipated actual performance of the income to be derived in 2012/2013 and not based on the approved budget for the same year.**

Debt Management

The municipality is currently executing all credit control and debt collection procedures as required in the Credit Control and Debt Collection policy approved by Council. These internal procedures followed include the disconnection of services, where there are services that can be disconnected, the issuing of final notices, the conclusion of reasonable agreements where the settlement of the accounts are not possible and also the follow up on defaulting debtors not honoring arrangements.

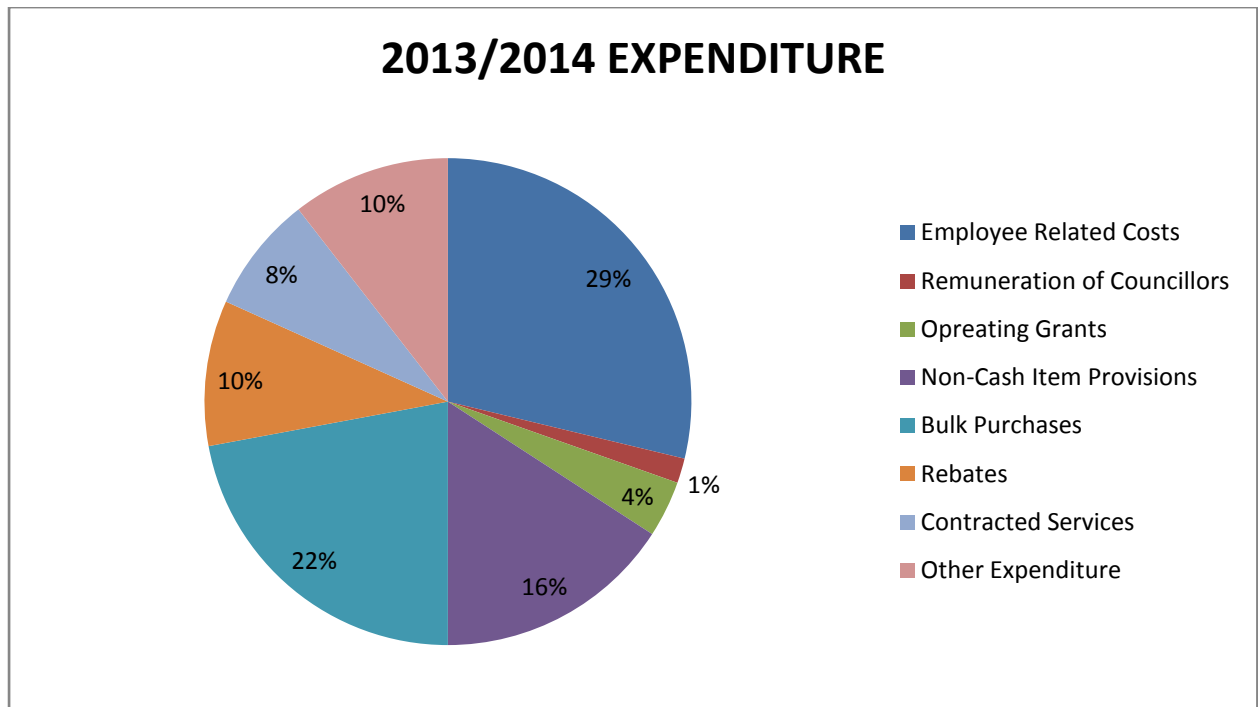
The municipality continuously enforces the above procedures to ensure that debt which is collectable is collected and all debt that is regarded as not recoverable, should be written off. The municipality will also promulgated the Credit Control and Debt Collection By-Law on the before the end of the financial year to strengthen the internal credit control and debt collection procedures through handing over of all debt over 90 days to the appointed attorneys. A zero tolerance approach will be followed where consumers are able to pay for services, as this indirectly denies paying consumers the level and standard of service that they are entitled to. The latter includes non-payment of rentals, which will be dealt with by means of right-sizing and educational programs driven by the Public Participation programmes as resolved by both the Finance and EXCO.

1.5 Operating Expenditure Framework

The budget sees an increase in annual operating expenditure from R225 015 886 in 2012/2013 to R305 917 094 in 2013/2014, excluding non-cash item totalling R48 480 741. This 12.5% increase is primarily due to increases in several expenditure categories, examples which are included in the table below:

Table 4: Growth in Budgeted Expenditure

EXPENDITURE CATEGORIES	2012/2013	2013/2014	CHANGE	% INCREASE
Employee Related Costs	74,555,308	87,999,585	13,444,277	18%
Remuneration of Councilors	4,698,464	5,027,357	328,893	7%
Operating Grants	10,365,392	11,458,250	1,092,858	11%
Non-Cash Item Provisions	6,540,223	48,480,741	41,940,518	641%
Bulk Purchases	58,370,851	67,515,139	9,144,288	16%
Rebates	27,003,523	29,568,857	2,565,335	10%
Contracted Services	20,315,777	23,681,254	3,365,476	17%
Other Expenditure	29,706,571	32,185,910	2,479,339	8%
Total Expenditure	225,015,886	257,436,352	32,420,466	13%



Bulk Purchases

Directive/decision issued by NERSA setting the bulk purchase increase at 8%, whilst the increase on water was estimated at 13% as the bulk purchase charge.

Repairs and maintenance

The National Treasury Municipal Budget Circular number 66 for the 2011/2012 MTREF stated that municipalities must “secure the health of their asset base (especially the municipality’s revenue generating assets) by increasing spending on repairs and maintenance”. The municipality has, over the last two financial years, decreased the investment in repairs and maintenance as its priority. Leadership and management is required to addresses the critical backlogs in repairs and maintenance.

Contracted Services

The 8% increase can be attributed to the annual increases in the service level agreements.

CAPITAL BUDGET

The capital budget decreased from R26 908 608 in 2012/2013 to R26 846 750 in 2013/2014

Table 5: Budgeted Capital Expenditure by Function

DEPARTMENT	2012/2013	2013/2014	% Change
	R	R	
Municipal manager	-	-	
Mayor and councillors	-	-	
Social and Community services	1,900,000.00	2,620,000.00	38%
Corporate services	800,000.00	650,000.00	-19%
Technical services	21,838,608.00	22,346,750.00	2%
Budget and treasury	2,000,000.00	500,000.00	100%
Planning and economic development	370,000.00	730,000.00	97%
Total Expenditure	26,908,608.00	26,846,750.00	-0.23%

Table 6: Budgeted Capital Funding

FUNDING SOURCE	2012/2013	2013/2014	% Change
	R	R	%
Own funding			
Capital Replacement Reserve	9,170,000.00	7,500,000.00	-18%
External Funding			
Grants National Government	18,104,000.00	19,346,750.00	7%
Total Funding	27,274,000.00	26,846,750.00	-2%

This overall decrease is primarily due to the following:

- The decrease in capital expenditure is due to the decrease in MIG funding and the inability of the municipality to build up a cash backed capital replacement reserve fund.

Table 7: High level budget summary

Description	Operating In- come	Operating Ex- penditure	Capital Ex- penditure	Total Budget
	R	R	R	R
Mayor and Councillors	(53,227,250)	16,084,563.13	-	16,084,563.13
Municipal manager	(183,706,823)	13,538,063.13	-	13,538,063.13
Community services	(13,282,000)	25,610,737.46	2,620,000.00	28,230,737.46
Corporate services	(404,350)	32,820,142.50	650,000.00	33,470,142.50
Technical services	(247,650)	89,396,862.36	26,804,368.00	116,201,230.36
Budget and treasury	(14,029,000)	113,738,161.99	500,000.00	114,238,161.99
Planning and economic development	(142,100)	14,728,563.13	730,000.00	15,458,563.13
Municipal Infrastructure Grant	(19,346,750)	-	-	-
	(284,385,923)	305,917,093.70	31,304,368.00	337,221,461.70

1.6 Draft Budget Tables - Parent Municipality

It should be pointed out that the municipality does not have entities. The following ten main budget tables are as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2013/14 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 8: MBBR Table A1 - Budget Summary

Choose name from list - Table A1 Consolidated Budget Summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousands										
Financial Performance										
Property rates	34 484	37 782	37 397	39 806	65 862	65 862	—	72 119	78 249	84 900
Service charges	64 808	74 983	101 576	94 854	99 636	99 636	—	112 018	123 220	135 542
Investment revenue	79	97	134	200	25	25	—	356	382	431
Transfers recognised - operational	30 471	40 992	42 039	48 258	48 973	48 973	—	53 227	57 890	66 652
Other own revenue	18 521	16 581	28 289	30 152	25 863	25 864	—	27 319	30 051	33 056
Total Revenue (excluding capital transfers and contributions)	148 364	170 435	209 435	213 271	240 360	240 360	—	265 039	289 801	320 581
Employee costs	54 886	62 747	61 212	76 918	74 555	74 555	—	88 000	93 720	99 811
Remuneration of councillors	—	—	4 703	4 688	4 688	4 688	—	5 027	5 128	5 230
Depreciation & asset impairment	7 786	38 345	31 266	3 500	3 500	3 500	—	7 500	7 575	8 219
Finance charges	2 373	3 220	3 004	2 572	—	—	—	—	—	—
Materials and built purchases	36 583	55 877	65 685	54 123	58 371	58 371	—	67 515	71 309	75 286
Transfers and grants	—	—	—	—	—	—	—	—	—	—
Other expenditure	49 195	52 371	57 522	63 570	79 916	79 916	—	137 875	141 402	148 957
Total Expenditure	150 823	212 560	223 390	205 381	221 041	221 040	—	305 917	319 134	337 503
Surplus/(Deficit)	(2 459)	(42 126)	(13 956)	7 890	19 319	19 320	—	(40 878)	(29 332)	(16 923)
Transfers recognised - capital	13 831	9 401	10 324	18 104	17 889	17 889	—	—	—	—
Contributions recognised - capital & contributed assets	—	—	(2 555)	—	9 170	9 170	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	11 372	(32 725)	(6 187)	25 994	46 378	46 379	—	(40 878)	(29 332)	(16 923)
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	11 372	(32 725)	(6 187)	25 994	46 378	46 379	—	(40 878)	(29 332)	(16 923)
Capital expenditure & funds sources										
Capital expenditure	—	—	—	25 994	1 280	27 274	—	26 847	51 070	13 903
Transfers recognised - capital	—	—	—	18 104	17 889	17 889	—	19 347	19 955	—
Public contributions & donations	—	—	—	—	—	—	—	—	—	—
Borrowing	—	—	—	—	—	—	—	—	—	—
Internally generated funds	—	—	—	7 880	9 020	9 020	—	7 500	31 115	13 903
Total sources of capital funds	—	—	—	25 994	26 909	26 909	—	26 847	51 070	13 903
Financial position										
Total current assets	17 034	23 679	29 789	—	35 679	—	—	183 707	200 996	219 922
Total non current assets	123 006	1471 994	779 802	—	779 802	—	—	—	—	—
Total current liabilities	66 610	54 503	55 231	—	#REF!	—	—	305 917	319 134	337 503
Total non current liabilities	41 644	28 637	45 270	—	49 880	—	—	—	—	—
Community wealth/Equity	—	71 741	709 089	—	11 575	—	—	—	—	—
Cash flows										
Net cash from (used) operating	29 214	23 018	17 489	53 807	65 175	—	—	(40 878)	(7 125)	341 978
Net cash from (used) investing	(25 228)	(25 031)	(15 893)	(21 314)	(22 378)	—	—	—	—	—
Net cash from (used) financing	1 174	1 061	(4 046)	—	1 584	—	—	—	—	—
Cash/cash equivalents at the year end	5 162	4 210	1 760	32 494	44 381	—	—	(40 878)	(48 003)	293 974
Cash backing/surplus reconciliation										
Cash and investments available	(151)	(4 810)	(8 105)	—	#REF!	—	—	—	—	—
Application of cash and investments	48 661	17 625	6 639	—	10 002	—	—	147 519	126 519	126 829
Balance - surplus (shortfall)	(48 812)	(22 435)	(14 744)	—	#REF!	—	—	(147 519)	(126 519)	(126 829)
Asset management										
Asset register summary (WDV)	—	—	1 519	—	—	—	19 347	19 347	—	—
Depreciation & asset impairment	7 786	38 345	31 266	3 500	3 500	3 500	7 500	7 500	7 575	8 219
Renewal of Existing Assets	—	—	—	3 174	3 174	—	—	7 500	30 065	11 200
Repairs and Maintenance	—	—	—	—	—	—	7 500	7 500	—	—
Free services										
Cost of Free Basic Services provided	436	—	—	—	—	—	6 336	6 336	—	—
Revenue cost of free services provided	—	—	—	—	—	—	7 469	7 469	—	—
Households below minimum service level										
Water:	—	—	—	—	—	—	—	—	—	—
Sanitation/sewerage:	—	—	—	—	—	—	—	—	—	—
Energy:	0	—	—	—	—	—	44 066	44 066	—	—
Refuse:	0	—	—	—	—	—	6 657	6 657	—	—

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasise the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after total expenditure) is negative over the MTREF. These deficits amount to R40.8 million, R18.6 million and R5.5 million for 2013/14, 2014/15 and 2015/16;
 - b. The deficits are non cash items comprising of depreciation and provision for bad debts. Since these are non cash, they will not profoundly affects revenue and expenditure as well as the cash flows of the municipality.
4. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2013/14 the water backlog will have been very nearly eliminated.

Table 9: MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Choose name from list - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue - Standard										
<i>Governance and administration</i>		300	229	97 548	97 336	126 765	126 765	137 631	160 886	167 887
Executive and council		—	—	—	—	—	—	—	—	—
Budget and treasury office		—	—	95 920	96 408	126 364	126 364	137 227	150 441	167 397
Corporate services		300	229	1 628	928	401	401	404	445	489
<i>Community and public safety</i>		1 671	1 228	1 554	2 757	2 400	2 400	5 491	5 940	6 434
Community and social services		—	—	67	26	26	26	1 166	1 182	1 201
Sport and recreation		1 671	1 228	12	160	153	153	—	—	—
Public safety		—	—	1 475	471	2 221	2 221	4 325	4 758	5 233
Housing		—	—	—	2 100	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		7 615	7 201	8 744	11 220	10 705	10 705	9 924	9 797	10 776
Planning and development		—	—	204	350	260	260	142	156	172
Road transport		7 615	7 201	8 540	10 870	10 445	10 445	9 782	9 640	10 604
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		64 808	74 983	101 593	94 869	100 491	100 743	111 993	123 179	135 484
Electricity		45 373	53 440	70 083	68 654	68 828	68 828	77 351	85 086	93 585
Water		8 962	9 671	19 069	12 920	18 658	18 910	20 437	22 468	24 702
Waste water management		5 434	5 885	6 475	6 946	6 656	6 656	7 260	7 986	8 785
Waste management		5 040	5 988	5 966	6 349	6 349	6 349	6 944	7 639	8 403
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
Total Revenue - Standard	2	74 394	83 641	209 439	206 182	240 361	240 613	265 039	289 801	320 581
Expenditure - Standard										
<i>Governance and administration</i>		61 522	57 829	99 071	84 626	113 040	113 040	167 053	172 215	181 920
Executive and council		46 687	44 759	10 728	12 265	12 848	12 848	13 832	14 565	15 347
Budget and treasury office		14 835	13 071	71 380	37 916	64 553	64 553	113 743	115 732	122 044
Corporate services		—	—	16 964	34 446	35 639	35 639	39 478	41 918	44 529
<i>Community and public safety</i>		2 086	2 535	19 656	10 233	14 078	14 078	17 041	17 980	19 063
Community and social services		1 808	2 495	8 830	8 373	8 063	8 063	8 872	9 325	9 891
Sport and recreation		—	—	—	—	—	—	—	—	—
Public safety		278	39	8 754	1 860	6 015	6 015	8 169	8 655	9 172
Housing		—	—	—	—	—	—	—	—	—
Health		—	—	2 072	—	—	—	—	—	—
<i>Economic and environmental services</i>		36 637	39 195	23 479	26 092	19 773	19 773	22 355	23 640	24 983
Planning and development		5 446	5 061	4 959	6 261	5 608	5 608	6 653	7 114	7 608
Road transport		31 191	34 134	18 520	19 832	14 165	14 165	15 702	16 525	17 375
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		46 829	65 861	81 184	84 429	84 515	84 515	99 469	105 298	111 537
Electricity		33 113	50 594	58 365	57 252	60 250	60 250	62 937	65 685	69 674
Water		11 974	14 354	17 405	18 508	17 874	17 874	27 586	30 216	31 900
Waste water management		—	—	637	495	1 233	1 233	506	549	596
Waste management		1 742	914	4 776	8 174	5 157	5 157	8 439	8 847	9 368
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
Total Expenditure - Standard	3	147 074	165 421	223 390	205 381	231 406	231 406	305 917	319 133	337 504
Surplus/(Deficit) for the year		(72 680)	(81 780)	(13 950)	800	8 955	9 207	(40 878)	(29 332)	(16 923)

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes
2. Total Revenue by standard classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)
3. Total Expenditure by Standard Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)
4. All amounts must be classified under a standard classification (modified GFS). The GFS function 'Other' is only for Abattoirs, Air Transport, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports. However, only four of these are applicable to Bela Bela municipality
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. However, the table highlights that this is not the case for Water and Waste management functions
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 10: MBBR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Choose name from list - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year *1 2014/15	Budget Year *2 2015/16
Revenue by Vote	1									
Vote 1 - EXECUTIVE COUNCIL		—	—	—	—	—	—	—	—	—
Vote 2 - MUNICIPAL MANAGERS		—	—	—	—	—	—	—	—	—
Vote 3 - BUDGET AND TREASURY		—	73 970	95 920	96 408	126 364	126 364	137 227	150 441	167 397
Vote 4 - CORPORATE SERVICES		—	300	1 628	700	401	401	404	445	489
Vote 5 - SOCIAL AND COMMUNITY SERVICES		—	14 325	16 061	256	17 349	17 349	21 185	23 204	25 424
Vote 6 - ECONOMIC AND PLANNING DEVELOPMENT		—	—	204	78 291	260	260	142	156	172
Vote 7 - TECHNICAL SERVICES		59 768	68 995	95 627	18 543	95 987	95 987	106 081	115 556	127 088
Vote 8 - [NAME OF VOTE 8]		—	—	—	—	—	—	—	—	—
Vote 9 - [NAME OF VOTE 9]		—	—	—	—	—	—	—	—	—
Vote 10 - [NAME OF VOTE 10]		—	—	—	—	—	—	—	—	—
Vote 11 - [NAME OF VOTE 11]		—	—	—	—	—	—	—	—	—
Vote 12 - [NAME OF VOTE 12]		—	—	—	—	—	—	—	—	—
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—
Total Revenue by Vote	2	59 768	157 591	209 439	194 198	240 361	240 361	265 039	289 801	320 581
Expenditure by Vote to be appropriated	1									
Vote 1 - EXECUTIVE COUNCIL		46 687	44 759	7 772	11 633	9 083	9 083	9 241	9 671	10 130
Vote 2 - MUNICIPAL MANAGERS		—	—	2 955	3 583	3 766	3 766	4 591	4 894	5 218
Vote 3 - BUDGET AND TREASURY		14 835	13 071	71 380	26 679	64 553	64 553	113 743	115 732	122 044
Vote 4 - CORPORATE SERVICES		—	—	16 964	13 099	35 639	35 639	39 478	41 918	44 529
Vote 5 - SOCIAL AND COMMUNITY SERVICES		15 586	17 457	28 792	4 731	25 529	25 529	31 637	33 110	34 841
Vote 6 - ECONOMIC AND PLANNING DEVELOPMENT		5 446	5 061	4 959	77 041	5 608	5 608	6 653	7 114	7 608
Vote 7 - TECHNICAL SERVICES		64 510	85 073	90 567	42 167	87 228	87 228	100 574	106 694	113 134
Vote 8 - [NAME OF VOTE 8]		—	—	—	—	—	—	—	—	—
Vote 9 - [NAME OF VOTE 9]		—	—	—	—	—	—	—	—	—
Vote 10 - [NAME OF VOTE 10]		—	—	—	—	—	—	—	—	—
Vote 11 - [NAME OF VOTE 11]		—	—	—	—	—	—	—	—	—
Vote 12 - [NAME OF VOTE 12]		—	—	—	—	—	—	—	—	—
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—
Total Expenditure by Vote	2	147 074	165 421	223 390	178 933	231 406	231 406	305 917	319 134	337 503
Surplus/(Deficit) for the year	2	(87 305)	(7 830)	(13 950)	15 265	8 955	8 955	(40 878)	(29 332)	(16 923)

References

1. Insert 'Vote', e.g. department, if different to standard classification structure
2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)
3. Assign share in 'associate' to relevant Vote

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 11: MBBR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Choose name from list - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source											
Property rates	2	34 484	37 782	37 397	39 806	65 852	65 862	—	72 119	78 249	84 900
Property rates - penalties & collection charges						—					
Service charges - electricity revenue	2	45 373	53 440	70 399	68 619	67 955	67 955	—	77 129	84 842	93 326
Service charges - water revenue	2	8 962	9 671	18 754	12 590	18 500	18 500	—	20 296	22 325	24 558
Service charges - sanitation revenue	2	5 434	5 885	6 475	6 646	6 646	6 646	—	7 260	7 986	8 785
Service charges - refuse revenue	2	5 040	5 988	5 947	6 304	6 304	6 304	—	6 903	7 594	8 353
Service charges - other					695	231	231		430	473	520
Rental of facilities and equipment		300	229	1 205	858	346	346		214	236	259
Interest earned - external investments		79	97	134	200	25	25		356	392	431
Interest earned - outstanding debtors		7 274	6 471	9 479	8 117	9 500	9 500		9 785	10 764	11 840
Dividends received						—	—				
Fines		1 671	1 228	1 197	2 000	1 650	1 650		3 600	3 960	4 356
Licences and permits		7 615	7 201	8 540	8 600	8 600	8 600		8 750	9 625	10 588
Agency services					471	471	471				
Transfers recognised - operational		30 471	40 982	42 039	48 258	48 973	48 973		53 227	57 890	66 652
Other revenue	2	1 662	1 451	7 867	5 427	617	617	—	4 970	5 467	6 014
Gains on disposal of PPE			1		4 680	4 680					
Total Revenue (excluding capital transfers and contributions)		148 364	178 435	289 435	213 271	248 368	248 368	—	265 839	289 881	328 981
Expenditure By Type											
Employee related costs	2	54 886	62 747	61 212	76 918	74 555	74 555	—	88 000	93 720	99 811
Remuneration of councillors				4 703	4 698	4 698	4 698		5 027	5 128	5 230
Debt impairment	3	15 912	13 989	12 370	3 000	2 890	2 890		40 981	41 391	44 909
Depreciation & asset impairment	2	7 786	38 345	31 266	3 500	3 500	3 500	—	7 500	7 575	8 219
Finance charges		2 373	3 220	3 004	2 572	—	—				
Bulk purchases	2	29 380	46 271	55 150	54 123	58 371	58 371	—	67 515	71 309	75 286
Other materials	8	7 203	9 606	10 535		—	—				
Contracted services		—	—	17 687	17 825	20 316	20 316		23 681	24 154	24 638
Transfers and grants		—	—	—	—	—	—		—	—	—
Other expenditure	4, 5	33 283	38 382	27 360	42 745	56 710	56 710	—	73 213	75 858	79 410
Loss on disposal of PPE				105		—	—				
Total Expenditure		158 823	212 968	223 398	285 381	221 841	221 848	—	385 917	319 134	337 983
Surplus/(Deficit)		(2 459)	(42 126)	(13 556)	7 898	19 319	19 328	—	(48 878)	(29 332)	(16 923)
Transfers recognised - capital		13 831	9 401	10 324	18 104	17 889	17 889				
Contributions recognised - capital	6	—	—	—	—	—	—	—	—	—	—
Contributed assets				(2 555)		9 170	9 170				
Surplus/(Deficit) after capital transfers & contributions		11 372	(32 725)	(6 187)	25 994	46 378	46 379	—	(48 878)	(29 332)	(16 923)
Taxation						—	—				
Surplus/(Deficit) after taxation		11 372	(32 725)	(6 187)	25 994	46 378	46 379	—	(48 878)	(29 332)	(16 923)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		11 372	(32 725)	(6 187)	25 994	46 378	46 379	—	(48 878)	(29 332)	(16 923)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		11 372	(32 725)	(6 187)	25 994	46 378	46 379	—	(48 878)	(29 332)	(16 923)

References

1. Classifications are revenue sources and expenditure type
2. Detail to be provided in Table SA1
3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment
4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item, e.g. employee costs
5. Repairs & maintenance detailed in Table A9 and Table SA34c
6. Contributions are funds provided by external organisations to assist with infrastructure development, e.g. developer contributions (detail to be provided in Table SA1)
7. Equity method
8. All materials not part of 'bulk' e.g. road making materials, pipe, cable etc.

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R213. 2 million in 2012/13, is adjusted upwards to R240.3 million in the adjusted budget and increases to R265.0 million in 2013/14.
2. Revenue to be generated from property rates is R72.1 million in the 2013/14 financial year (before taking into account the rebates) and increases to R84.9 million by 2015/16 which represents an average of 27.0 per cent of the operating revenue base and therefore remains a significant funding source for the municipality.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R112.0 million for the 2013/14 financial year and increasing to R135.5 million by 2015/16. For the 2013/14 financial year services charges constitute to 42.2 per cent of the total revenue base and grows by around 10.0 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.

Table 12: MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Choose name from list - Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE COUNCIL		—	—	—	—	—	—	—	—	—	—
Vote 2 - MUNICIPAL MANAGERS		—	—	—	—	—	—	—	—	—	—
Vote 3 - BUDGET AND TREASURY		—	—	—	—	—	—	—	—	—	—
Vote 4 - CORPORATE SERVICES		—	—	—	—	—	—	—	—	—	—
Vote 5 - SOCIAL AND COMMUNITY SERVICES		—	—	—	—	—	—	—	—	—	—
Vote 6 - ECONOMIC AND PLANNING DEVELOPMENT		—	—	—	—	—	—	—	—	—	—
Vote 7 - TECHNICAL SERVICES		—	—	—	—	—	—	—	—	—	—
Vote 8 - [NAME OF VOTE 8]		—	—	—	—	—	—	—	—	—	—
Vote 9 - [NAME OF VOTE 9]		—	—	—	—	—	—	—	—	—	—
Vote 10 - [NAME OF VOTE 10]		—	—	—	—	—	—	—	—	—	—
Vote 11 - [NAME OF VOTE 11]		—	—	—	—	—	—	—	—	—	—
Vote 12 - [NAME OF VOTE 12]		—	—	—	—	—	—	—	—	—	—
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—	—
Capital multi-year expenditure sub-total	7	—	—	—	—	—	—	—	—	—	—
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE COUNCIL		—	—	—	—	—	—	—	—	—	—
Vote 2 - MUNICIPAL MANAGERS		—	—	—	—	—	—	—	—	—	—
Vote 3 - BUDGET AND TREASURY		—	—	—	—	2 000	2 000	—	500	—	—
Vote 4 - CORPORATE SERVICES		—	—	—	1 050	(250)	800	—	650	800	—
Vote 5 - SOCIAL AND COMMUNITY SERVICES		—	—	—	11 227	150	11 377	—	7 739	14 455	6 400
Vote 6 - ECONOMIC AND PLANNING DEVELOPMENT		—	—	—	590	(220)	370	—	730	800	1 100
Vote 7 - TECHNICAL SERVICES		—	—	—	13 127	(400)	12 727	—	17 228	35 015	6 703
Vote 8 - [NAME OF VOTE 8]		—	—	—	—	—	—	—	—	—	—
Vote 9 - [NAME OF VOTE 9]		—	—	—	—	—	—	—	—	—	—
Vote 10 - [NAME OF VOTE 10]		—	—	—	—	—	—	—	—	—	—
Vote 11 - [NAME OF VOTE 11]		—	—	—	—	—	—	—	—	—	—
Vote 12 - [NAME OF VOTE 12]		—	—	—	—	—	—	—	—	—	—
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—	—
Capital single-year expenditure sub-total		—	—	—	25 994	1 288	27 274	—	26 847	51 878	13 983
Total Capital Expenditure - Vote		—	—	—	25 994	1 288	27 274	—	26 847	51 878	13 983
Capital Expenditure - Standard											
Governance and administration		—	—	—	1 058	1 758	2 888	—	1 158	888	1 188
Executive and council		—	—	—	—	—	—	—	—	—	—
Budget and treasury office		—	—	—	—	2 000	2 000	—	500	—	—
Corporate services		—	—	—	1 050	(250)	800	—	650	800	1 100
Community and public safety		—	—	—	11 227	158	11 377	—	7 739	11 955	688
Community and social services		—	—	—	11 227	150	11 377	—	6 539	1 200	600
Sport and recreation		—	—	—	—	—	—	—	1 200	10 755	—
Public safety		—	—	—	—	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—	—
Economic and environmental services		—	—	—	4 289	(228)	3 989	—	738	888	—
Planning and development		—	—	—	590	(220)	370	—	730	800	—
Road transport		—	—	—	3 619	—	3 619	—	—	—	—
Environmental protection		—	—	—	—	—	—	—	—	—	—
Trading services		—	—	—	3 958	(488)	3 558	—	732	15 415	8 283
Electricity		—	—	—	2 400	(50)	2 350	—	—	7 350	2 703
Water		—	—	—	500	(350)	150	—	732	5 565	3 000
Waste water management		—	—	—	1 050	—	1 050	—	—	—	—
Waste management		—	—	—	—	—	—	—	—	2 500	2 500
Other		—	—	—	5 558	—	5 558	—	16 496	22 100	4 000
Total Capital Expenditure - Standard	3	—	—	—	25 994	1 288	27 274	—	26 847	51 878	13 983
Funded by:											
National Government		—	—	—	18 104	17 889	17 889	—	19 347	19 955	—
Provincial Government		—	—	—	—	—	—	—	—	—	—
District Municipality		—	—	—	—	—	—	—	—	—	—
Other transfers and grants		—	—	—	—	—	—	—	—	—	—
Transfers recognised - capital	4	—	—	—	18 104	17 889	17 889	—	19 347	19 955	—
Public contributions & donations	5	—	—	—	—	—	—	—	—	—	—
Borrowing	6	—	—	—	—	—	—	—	—	—	—
Internally generated funds		—	—	—	7 890	9 020	9 020	—	7 500	31 115	13 903
Total Capital Funding	7	—	—	—	25 994	26 989	26 989	—	26 847	51 878	13 983

References

1. Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).
2. Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year.
3. Capital expenditure by standard classification must reconcile to the appropriations by vote.
4. Must reconcile to supporting table SA20 and to Budgeted Financial Performance (revenue and expenditure).
5. Must reconcile to Budgeted Financial Performance (revenue and expenditure).
6. Include finance leases and PPP capital funding component of unitary payment - total borrowing repayments to reconcile to changes in Table SA17.
7. Total Capital Funding must balance with Total Capital Expenditure.

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (single - year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. Single-year capital expenditure has been appropriated at R26.8 million for the 2013/14 financial year. Figures for 2014/15 and 2015/16 must still be provided.
3. The capital programme is funded from national grants and transfers and own funds. The municipality has not budgeted for any borrowing.

Table 13: MBRR Table A7 - Budgeted Cash Flow Statement

Choose name from list - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		98 409	111 809	157 782	178 010	170 989			182 324	221 866	242 839
Government - operating	1	42 814	48 989	42 039	48 258	49 473			53 227	57 890	66 652
Government - capital	1			10 324	18 104	17 889			19 347	21 097	22 435
Interest		79	97	134	8 317	8 317			10 141	11 155	12 271
Dividends											
Payments											
Suppliers and employees		(105 372)	(134 657)	(189 786)	(196 309)	(168 986)			(304 317)	(317 397)	(336)
Finance charges		(6 717)	(3 220)	(3 004)	(2 572)	(2 572)			(1 600)	(1 736)	(1 884)
Transfers and Grants	1					(9 935)					
NET CASH FROM/(USED) OPERATING ACTIVITIES		29 214	23 918	17 489	53 887	55 175	-	-	(40 878)	(7 125)	341 978
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			30		4 680	4 680					
Decrease (increase) in non-current debtors		(5)	(10)								
Decrease (increase) other non-current receivables											
Decrease (increase) in non-current investments				(15 893)							
Payments											
Capital assets		(25 220)	(25 051)		(25 994)	(27 058)					
NET CASH FROM/(USED) INVESTING ACTIVITIES		(25 226)	(25 031)	(15 893)	(21 314)	(22 378)	-	-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing						1 584					
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing		1 174	1 061	(4 046)							
NET CASH FROM/(USED) FINANCING ACTIVITIES		1 174	1 061	(4 046)	-	1 584	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		5 162	(953)	(2 450)	32 494	44 381	-	-	(40 878)	(7 125)	341 978
Cash/cash equivalents at the year begin:	2		5 162	4 210						(40 878)	(40 883)
Cash/cash equivalents at the year end:	2	5 162	4 210	1 759	32 494	44 381	-	-	(40 878)	(40 883)	293 974

References

1. Local/District municipalities to include transfers from/to District/Local Municipalities
2. Cash equivalents includes investments with maturities of 3 months or less

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded;
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget;
3. Cash and cash equivalents show an outflow (negative cash) of R40.9 million as at the end of the 2013/14 financial year.
4. However, the cash position will be reduced to realistic levels due to the following factors:
 - a. Doubts in the accuracy of the bills;
 - b. The lower, approximately 63.0 per cent collection level.

Table 14: MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Choose name from list - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash and investments available											
Cash/cash equivalents at the year end	1	5 162	4 210	1 760	32 494	44 381	—	—	(40 878)	(48 003)	293 974
Other current investments > 90 days		(5 313)	(9 019)	(10 753)	(32 494)	(31 776)	—	—	40 878	48 003	(293 974)
Non current assets - Investments	1	—	—	889	—	—	—	—	—	—	—
Cash and investments available:		(151)	(4 810)	(8 189)	—	12 605	—	—	—	—	—
Application of cash and investments											
Unspent conditional transfers		466	(938)	5 256	—	5 256	—	—	—	—	—
Unspent borrowing		—	—	—	—	—	—	—	—	—	—
Statutory requirements	2	—	—	—	—	—	—	—	—	—	—
Other working capital requirements	3	48 195	18 563	1 383	—	4 746	—	—	147 519	126 519	126 829
Other provisions		—	—	—	—	—	—	—	—	—	—
Long term investments committed	4	—	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	5	—	—	—	—	—	—	—	—	—	—
Total Application of cash and investments:		48 661	17 625	6 639	—	10 002	—	—	147 519	126 519	126 829
Surplus (shortfall)		(48 812)	(22 435)	(14 744)	—	2 602	—	—	(147 519)	(126 519)	(126 829)

References

1. Must reconcile with Budgeted Cash Flows
2. For example: VAT, taxation
3. Council approval for policy required – include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)
4. For example: sinking fund requirements for borrowing
5. Council approval required for each reserve created and basis of cash backing of reserves

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. As part of the budgeting and planning guidelines that informed the compilation of the 2013/14 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 15: MBRR Table A9 - Asset Management

Choose name from list - Table A9 Consolidated Asset Management

GROUPSE NAME FROM LIST - Table A3 Consolidated Asset Management										
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	10 298	—	—	22 820	22 220	22 220	19 347	19 956	—
Infrastructure - Road transport		8 258	—	—	3 619	3 619	3 619	11 911	13 200	—
Infrastructure - Electricity		1 489	—	—	600	—	—	—	—	—
Infrastructure - Water		—	—	—	1 000	1 000	1 000	—	—	—
Infrastructure - Sanitation		—	—	—	—	—	—	—	—	—
Infrastructure - Other		60	—	—	13 661	13 661	13 661	2 317	—	—
Infrastructure		9 807	—	—	18 880	18 280	18 280	14 228	13 200	—
Community		491	—	—	2 300	2 300	2 300	1 200	6 755	—
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets	6	—	—	—	1 640	1 640	1 640	3 919	—	—
Agricultural Assets		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
Intangibles		—	—	—	—	—	—	—	—	—
Total Renewal of Existing Assets	2	—	—	—	3 174	3 174	—	7 500	30 065	11 200
Infrastructure - Road transport		—	—	—	—	—	—	768	11 650	4 000
Infrastructure - Electricity		—	—	—	1 800	1 800	—	1 500	7 350	—
Infrastructure - Water		—	—	—	—	—	—	732	1 765	—
Infrastructure - Sanitation		—	—	—	—	—	—	—	—	—
Infrastructure - Other		—	—	—	350	350	—	1 200	2 500	2 500
Infrastructure		—	—	—	2 150	2 150	—	4 200	23 265	6 500
Community		—	—	—	1 024	1 024	—	1 420	5 200	3 600
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets	6	—	—	—	—	—	—	1 880	1 600	1 100
Agricultural Assets		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
Intangibles		—	—	—	—	—	—	—	—	—
Total Capital Expenditure	4	—	—	—	—	—	—	—	—	—
Infrastructure - Road transport		8 258	—	—	3 619	3 619	3 619	12 679	24 850	4 000
Infrastructure - Electricity		1 489	—	—	2 400	1 800	—	1 500	7 350	—
Infrastructure - Water		—	—	—	1 000	1 000	1 000	732	1 765	—
Infrastructure - Sanitation		—	—	—	—	—	—	—	—	—
Infrastructure - Other		60	—	—	14 011	14 011	13 661	3 517	2 500	2 500
Infrastructure		9 807	—	—	21 030	20 430	18 280	18 428	36 465	6 500
Community		491	—	—	3 324	3 324	2 300	2 620	11 955	3 600
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets		—	—	—	1 640	1 640	1 640	5 799	1 600	1 100
Agricultural Assets		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
Intangibles		—	—	—	—	—	—	—	—	—
TOTAL CAPITAL EXPENDITURE - Asset class	2	10 298	—	—	25 994	25 394	22 220	26 847	50 020	11 200
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5							11 911		
Infrastructure - Electricity										
Infrastructure - Water										
Infrastructure - Sanitation										
Infrastructure - Other								2 317		
Infrastructure		—	—	—	—	—	—	14 228	—	—
Community								1 200		
Heritage assets										
Investment properties		—	—	—	—	—	—		—	—
Other assets								3 919		
Agricultural Assets		—	—	—	—	—	—		—	—
Biological assets		—	—	—	—	—	—		—	—
Intangibles				1 519	—	—	—		—	—
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	—	—	1 519	—	—	—	19 347	—	—
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment	3	7 786	38 345	31 266	3 500	3 500	3 500	7 500	7 575	8 219
Repairs and Maintenance by Asset Class		—	—	—	—	—	—	7 500	—	—
Infrastructure - Road transport		—	—	—	—	—	—	2 268	—	—
Infrastructure - Electricity		—	—	—	—	—	—	—	—	—
Infrastructure - Water		—	—	—	—	—	—	732	—	—
Infrastructure - Sanitation		—	—	—	—	—	—	—	—	—
Infrastructure - Other		—	—	—	—	—	—	1 200	—	—
Infrastructure		—	—	—	—	—	—	4 200	—	—
Community		—	—	—	—	—	—	1 420	—	—
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets	6, 7	—	—	—	—	—	—	1 880	—	—
TOTAL EXPENDITURE OTHER ITEMS		7 786	38 345	31 266	3 500	3 500	3 500	16 000	7 575	8 219
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	12.2%	12.5%	0.0%	27.9%	60.1%	100.0%
Renewal of Existing Assets as % of deprecn		0.0%	0.0%	0.0%	90.7%	90.7%	0.0%	100.0%	396.9%	136.3%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.

Table 16: MBRR Table A10 – Basic Service Delivery Measurement

Choose name from list - Table A10 Consolidated basic service delivery measurement

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Household service targets	1									
Water:										
Piped water inside dwelling		9						13 295 251		
Piped water inside yard (but not in dwelling)		2								
Using public tap (at least min.service level)	2	3								
Other water supply (at least min.service level)	4									
<i>Minimum Service Level and Above sub-total</i>		14	—	—	—	—	—	13 295 251	—	—
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply										
<i>Below Minimum Service Level sub-total</i>		—	—	—	—	—	—	—	—	—
Total number of households	5	14	—	—	—	—	—	13 295 251	—	—
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		11						7 018 070		
Flush toilet (with septic tank)		1								
Chemical toilet										
Pit toilet (ventilated)										
Other toilet provisions (> min.service level)										
<i>Minimum Service Level and Above sub-total</i>		12	—	—	—	—	—	7 018 070	—	—
Bucket toilet										
Other toilet provisions (< min.service level)										
No toilet provisions										
<i>Below Minimum Service Level sub-total</i>		—	—	—	—	—	—	—	—	—
Total number of households	5	12	—	—	—	—	—	7 018 070	—	—
Energy:										
Electricity (at least min.service level)		11								
Electricity - prepaid (min.service level)										
<i>Minimum Service Level and Above sub-total</i>		11	—	—	—	—	—	—	—	—
Electricity (< min.service level)								44 066 453		
Electricity - prepaid (< min. service level)										
Other energy sources		3								
<i>Below Minimum Service Level sub-total</i>		3	—	—	—	—	—	44 066 453	—	—
Total number of households	5	14	—	—	—	—	—	44 066 453	—	—
Refuse:										
Removed at least once a week										
<i>Minimum Service Level and Above sub-total</i>		—	—	—	—	—	—	—	—	—
Removed less frequently than once a week								6 657 326		
Using communal refuse dump										
Using own refuse dump		3								
Other rubbish disposal										
No rubbish disposal		1								
<i>Below Minimum Service Level sub-total</i>		4	—	—	—	—	—	6 657 326	—	—
Total number of households	5	4	—	—	—	—	—	6 657 326	—	—
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		2								
Sanitation (free minimum level service)		2								
Electricity/other energy (50kwh per household per month)		2								
Refuse (removed at least once a week)		2								
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)		138						1 056		
Sanitation (free sanitation service)		69						1 056		
Electricity/other energy (50kwh per household per month)		148						3 168		
Refuse (removed once a week)		81						1 056		
Total cost of FBS provided (minimum social package)		436	—	—	—	—	—	6 336	—	—
Highest level of free service provided										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)								1 128		
Property rates (other exemptions, reductions and rebates)										
Water								7		
Sanitation								1 056		
Electricity/other energy								1 056		
Refuse								3 168		
Municipal Housing - rental rebates								1 056		
Housing - top structure subsidies										
Other										
Total revenue cost of free services provided (total social package)	6	—	—	—	—	—	—	7 469	—	—

References

Explanatory notes to Table A10 - Basic Service Delivery Measurement

3. Table A10 provides an overview of basic service delivery statistics in the municipal area. This data is invaluable in planning and budgeting.

Part 2 – Supporting Documentation

2.1 Overview of the annual IDP/ budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Budget/ Treasury and Governance Sub Committee. The Mayor attends the meetings of the Steering Committee.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out
- in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 IDP/ Budget Process Overview

In terms of section 21 of the MFMA, the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

Bela Bela Municipality adopted an IDP Review Process Plan for the 2013/14 review process. The Process Plan was informed by the district municipality's framework plan and was adopted by the Municipal Council in August 2012. The main purpose of the Process Plan is to integrate all the processes and activities, institutional arrangements and time frames of the various sector departments, NGOs, Parastatals, etc.

The preparation of a reviewed IDP/ Budget is based on a Process Plan, which Bela Bela Municipality adopted in terms of the MFMA. The Plan establishes a firm foundation for the alignment of the IDP and budget preparation processes. This plan included the following:-

- a programme specifying the time frames for the different planning steps;
- appropriate mechanisms, processes and procedures for consultation and participation of local communities, organs of state, traditional authorities, and other role players in the IDP drafting process;
- an indication of the organisational arrangements for the IDP process;
- binding plans and planning requirements, i.e. policy and legislation;

The objectives of the Process Plan are as follows:

- to guide decision making in respect of service delivery and public sector investment;
- to inform budgets and Service delivery programs of various government departments and service agencies; and
- to coordinate the activities of various service delivery agencies within Bela Bela.

Table 17: IDP/ Budget Process Overview

PHASE	ACTIVITY	RESPONSIBLE	OUTPUT	TIME FRAME
PREPARATION PHASE	Develop Draft 2013/2014 IDP Review framework and process plan MECs Assessment of 2012/13 IDP	IDP Manager	<ul style="list-style-type: none"> Approved 2013/2014 IDP Review Process Plan 	13 - 17 August 2012
	Tabling of Draft 2013/2014 IDP process Planning Sub-committee	IDP Manager		15 August 2012
	First IDP Steering Committee Meeting	IDP Manager		22 August 2012
	First IDP Representative Forum	IDP Manager		29 August 2012
	Tabling of Draft 2013/2014 IDP process plan for EC/ council approval	Mayor & Municipal Manager		28 August 2012
ANALYSIS PHASE	ACTIVITY	RESPONSIBLE	OUTPUT	TIME FRAME
	Identification of Gaps, Stakeholder Registration, and Information Gathering. Community Based Planning	IDP Manager	<ul style="list-style-type: none"> Assessment of the existing level of development Information on available resources 	Week 1 October 06 Sep - 25 Oct 2012

	(CBP) Wards Consultative Meetings			
	1 st Waterberg District Forum	IDP Manager	<ul style="list-style-type: none"> Alignments' of IDP s 	14 September 2012
	1 st Provincial Consultative Forum/ Makgotla	IDP Manager		17 – 18 September 2012
	Determination of Revenue Projections, Proposed Rates, and Service Charges	Budget & Treasury	<ul style="list-style-type: none"> Priority issues/problems Understanding of causes of priority issues/problems 	Week 2 October 2012
	Community Consultation Forums on Tariffs, Indigent Credit, Credit Control, and Free Basic Electricity Revisit Community Needs, Consult, and Assess	IDP Manager		Week 2 October 2012
	Second IDP Steering Committee Meeting	IDP Manager		08 November 2012
	Second IDP Representatives Forum	IDP Manager		15 November 2012
	2 nd Provincial Consultative Forum/ Makgotla	IDP Manager	<ul style="list-style-type: none"> Assessment of the existing level of development Alignments' of IDP s 	19 - 20 November 2012

PHASE	ACTIVITY	RESPONSIBLE	OUTPUT	TIME FRAME
STRATEGIES PHASE	Proposed IDP/Budget and Tariff Policies	Dept Financial Services & IDP Manager	<ul style="list-style-type: none"> • Vision(For Municipality) • Objectives(For each priority issue) • Strategic options and choice of strategy • Tentative financial framework for projects • Identification of projects 	Week 2 January 2013
	Consultative Forum on Vision, Mission, Objectives, and Localized Strategic Guidelines	IDP Manager		Week 3 January 2013
	Refine Resources and Review Financial Strategies	Dept Financial Services		Week 4 January 2013
	Draft Mid-Year and Draft Annual Report	All Departments/Municipal Manager		Week 4 February 2013
PROJECTS PHASE	Third IDP Steering Committee Meeting	Mayor & Municipal Manager	<ul style="list-style-type: none"> • Project output, targets, and location • Project related activities and time schedule • Cost and budget estimates • Performance Indicators 	01 February 2013
	Third IDP Representatives Forum	Mayor & Steering Committee		08 February 2013
	Review and Rationalization of Projects, Redesigning and Upgrading Project Designs	IDP Manager		Week 3 February 2013
	Strategic Planning Session	Municipal Manager & IDP Manager		14 - 15 February

				2013
	Tabling of Draft IDP/Budget and SDBIP for Council Approval	Mayor & Municipal Manager		Week 2 March 2013
	Submission of Approved Draft IDP/Budget to National Treasury and Dept. Local Government & Housing	Municipal Manager		31 March 2013

PHASE	ACTIVITY	RESPONSIBLE	OUTPUT	TIME FRAME
INTEGRATION PHASE	Alignment with Waterberg District Municipality, Provincial, and National Programs	IDP Manager	<ul style="list-style-type: none"> 5 Year Financial Plan 5 Year Capital Investment Plan Institutional Plan Reference to Sector Plans Integrated Sectoral Plans 	Week 1 April 2013
	IDP/Budget Roadshow	Mayor & Steering Committee		Week 2 & week 3 April 2013
	Integration of Multi Year Capital Investment Plan	IDP Manager & All Departments		Week 4 April 2013
	Screening of Draft IDP Projects			
	Integration of Sector Plans and Institutional Programs Advertisement of draft 2013/14 IDP - Budget Screening of Inputs and Comments from Communities			Week 1 May 2013
APPROVAL	Tabling of 2011/2012 IDP	IDP Manager	<ul style="list-style-type: none"> Public Comments 	Week 2

PHASE	process Planning Sub-committee		<ul style="list-style-type: none"> Approved IDP for the Municipality 	May 2013
	Tabling of the 2013/2014 IDP/Budget	IDP Manager		Week 3 May 2013
	Submission of Approved IDP/Budget to National Treasury and Dept. Local Government & Housing	Municipal Manager		Week 4 May 2013
	Approval of Service Delivery and Budget Implementation Plan(SBDIP)	Municipal Manager		Week 1 June 2013
	Publish approved IDP/Budget	IDP Manager		Week 2 June 2013
	Signing of Annual Performance Agreements for Section 57 Managers	Mayor & Municipal Manager		June 2013 Week 4

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.¹

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the second draft IDP of the new Council which came into office after the May 2011 elections. The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The draft IDP has been taken into a business and financial planning process leading up to the draft 2013/14 MTREF, based on the adjusted 2012/13 MTREF and the mid-year review. The business planning process will subsequently be refined in the light of current economic circumstances and the resulting revenue projections prior to budget approval in May 2013..

With the compilation of the 2013/14 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2012/13 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Community Consultation

The draft 2013/14 MTREF as tabled before Council on 28 March 2012 for community consultation will be published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and municipal library. Further targeted consultations will be held with representatives of farmers and Property Owners' Association. All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees will be utilised to facilitate the community consultation process from 2 to 30 May 2013, and will include eight public briefing sessions. The applicable dates and venues will be published in all the local newspapers.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects will be addressed, and where relevant will be considered as part of the finalisation of the 2013/14 MTREF. Feedback and responses to the submissions received will be made available on request.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by the municipality correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Bela Bela municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the City's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIS);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality

must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the draft IDP's five strategic objectives for the 2013/14 MTREF and further planning refinements that have directly informed the compilation of the draft budget:

Table 18: IDP Strategic Objectives

Priorities of BBLM	Objectives	Strategies
Education	<ul style="list-style-type: none"> To facilitate the delivery of Education Facilities in order to address the backlogs in terms of this service. 	<ul style="list-style-type: none"> Facilitating the provision of additional schools in areas of need. Relocation of Raeleng High School Facilitation of the establishment of institution of higher learning (Tourism)
Health (prevention of HIV/ AIDS and Other Life – Threatening Diseases) and Social Development	<ul style="list-style-type: none"> To support the programmes intended to prevent life – threatening diseases and projects intended to reduce backlogs in terms of public health facilities. 	<ul style="list-style-type: none"> Support the initiatives for the prevention of life-threatening diseases such as TB, Cancer, HIV/ AIDS etc.
Safety and Security	<ul style="list-style-type: none"> To provide support to the Safety and Security programmes intended to reduce the Levels of Crime and to facilitate the construction of Public Safety Facilities which would reduce the service backlogs. 	<ul style="list-style-type: none"> Promote the reduction of crime in Bela Bela Municipal Area. Improve access to safety and security services. Establish sector policing in Bela Bela municipal area.

Priorities of BBLM	Objectives	Strategies
Local Economic Development	<ul style="list-style-type: none"> To create a climate conducive to local economic development, Reduce the level of unemployment by 50% by 2016 and to ensure that the local economy grows at a rate of 5 % per annum. 	<ul style="list-style-type: none"> Review and Implement existing policy framework (SDF, LUMS LED Strategy, etc) to ensure conducive environment. Develop and maintain infrastructure in areas with economic development potential and high levels of poverty. Train and workshop SMME's to intensify Human Capital Development. Identify and support LED initiatives e.g. Tourism and Agriculture.
Water, Sanitation & Refuse Removal.	<ul style="list-style-type: none"> Improved access to safe and healthy water, sanitation and environment for the residents of Bela Bela. 	<ul style="list-style-type: none"> Upgrading of bulk water supply and sanitation network at Bela-Bela municipal area. Identification of land for dumping site to minimise littering.
Priorities of BBLM	Objectives	Strategies
Roads & Storm water	<ul style="list-style-type: none"> Well developed, upgraded, improved and maintained Roads and Storm water infrastructure within Bela Bela. 	<ul style="list-style-type: none"> To improve the condition of the municipal controlled roads and ensure proper upgrading. To improve and upgrade the drainage systems in the township.

Electricity	<ul style="list-style-type: none">• Eliminate backlogs of 432HH without the power supply by 2016.	<ul style="list-style-type: none">• Eradicate electricity backlogs by 2016 through utilizing the municipal capital budget.
	<ul style="list-style-type: none">• Improve network reliability and sustainability	<ul style="list-style-type: none">• Upgrade of all MV substation protection• Restoration of overhead line protection• Replacement of old cables• Refurbishment and replacement of mini subs• Refurbish and/or replace pole top transformers
	<ul style="list-style-type: none">• Improve network master-planning	<ul style="list-style-type: none">• Ensure required information is available for every master planning cycle• Up to date CAD & GIS drawings• Electronic updated copies of SLD's• Statistical metering info for substations & feeders• Detailed and accurate customer billing information

	<ul style="list-style-type: none"> • Maintain redundancy in network (sustainability) 	<ul style="list-style-type: none"> • Plan for additional capacity or NMD of +/4 MVA in the next 3-4 years • Preparing now for the eventual handover of the new 10MVA substation for HDA Spa Park development • Begin talks with Eskom about a new 10MVA 66kV/11kV substation located on the Eastern part of Town, with a separate additional 10MVA for redundancy.
	<ul style="list-style-type: none"> • Improve network maintenance and management 	<ul style="list-style-type: none"> • Adequate staff complement • Competent and trained staff • Maintenance and Planning Systems tools • Adequate resources
	<ul style="list-style-type: none"> • Optimize Revenue and network efficiency 	<ul style="list-style-type: none"> • Control of costs requires measured values hence metering at substations, load profiling meters • Aligning tariff structure policy with land use policy • Load profiling and continual review of master plan at required intervals • Calculation of network efficiency levels based on load profiling and billing information

Priorities of BBLM	Objectives	Strategies
Sports, Arts, Culture, Recreational Facilities and Cemeteries	<ul style="list-style-type: none"> Improved access to the sport, recreational, art, cultural and community facilities within Bela Bela Municipal Area. 	<ul style="list-style-type: none"> To improve and maintain the existing sports, recreational and other community facilities and promotion of different sporting codes. Allocate or seek funds in order to develop sporting and recreational facilities
Land, Housing and Infrastructure	<ul style="list-style-type: none"> To facilitate provision of housing to 5040 housing list by 2016. To facilitate for the acquisition of security of tenure for all residents (without secured tenure) of the municipality. To create an effective system of land use management and orderly development within the whole municipal area. 	<ul style="list-style-type: none"> Apply the “Breaking New Ground (BNG) in Housing Delivery” Policy/ A Comprehensive Plan for the Development of Sustainable Human Settlements. Identify strategically located land within the municipality in line with the Principles of the National Spatial Development Perspective and the Spatial Development Framework to accommodate the current Housing Backlog. Engage other spheres of government and private sector (banks and property developers) to assist with planning, infrastructure provision and housing delivery for different income categories and housing options or typologies Put mechanisms in place to deal with the emergence or mushrooming of new informal settlements timeously. Conduct an audit on all land occupied without any secured tenure, and facilitate for the issuing of title deeds for the affected residents.

Priorities of BBLM	Objectives	Strategies
Good Governance (and Public Participation)	<ul style="list-style-type: none"> • To inform the community about service delivery. • To promote the image of the Municipality and interaction with the community. • To promote Batho-Pele principles. • To promote effective decision – making and monitoring. 	<ul style="list-style-type: none"> • To improve and maintain the content of the Imbizo's, pamphlets, official notices, etc. • Awareness Campaigns in relation to all municipal priorities. • Liaise with sector departments (health, education, sports, arts & culture, safety & security) w.r.t amendment of their priorities to cater for the local needs. • To forge closer ties with stakeholders i.e. Business Forum, CTA, NGOs, CBO, CDWs and other structures. • Training of staff about customer care. • On – going training of councillors and CDWs on local government matters.

Priorities of BBLM	Objectives	Strategies
Municipal Financial Viability	<ul style="list-style-type: none"> To manage and use the public funds in an efficient and Accountable Manner. 	<ul style="list-style-type: none"> Sound Financial Management
Municipal Transformation and Institutional Development	<ul style="list-style-type: none"> To create a properly upgraded and functional workplace for Municipal Staff and Cllrs to work in. To perform local government service delivery functions efficiently and effectively. To improve productivity, cost savings and efficient service delivery by the use of I.T. services. To be able to share data at required and authorized levels based on I.T. Infrastructure that is best-of-breed, scalable, interoperable, cost effective and reliable. 	<ul style="list-style-type: none"> To improve the working condition of staff and Cllrs in order to achieve a high standard of service delivery. To develop and implement an Information Management, Systems and Technology strategy that is aligned with Municipality's business strategy and requirements. To support national and provincial ICT initiatives whilst simultaneously ensuring optimum utilization, maintenance and support for existing I.T. Infrastructure.

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

2.2.1 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. Indigent households receive free basic water of 10 kl and 100 kwh of electricity per month. For the 2013/14 financial year 4 095 registered indigents have been provided for in the budget.

2.2.2 Providing clean water and managing waste water

The municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and Magalies Water is the water services provider.

Approximately 50 per cent of the Municipality's bulk water needs are provided by Magalies Water in the form of purified water. The remaining 50 per cent is generated from the Municipality's own water sources, such as boreholes and the dam.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Bela-Bela Municipality has achieved an acceptable score of 71.07% during Blue Drop Certification Programme for its only Water Treatment Plant. This has put the Municipality on the 6th position in Limpopo Province. This is a sign that the municipality is doing well on improving its water quality and aiming to achieve an excellent score.

Waste water treatment works, did not perform well due to the upgrade which were taking place during the time of assessment. However, the upgrade is now complete and we are aiming to achieve better results in terms of meeting the minimum Green Drop certification standards.

The following is briefly the main challenges facing the Municipality in this regard:

- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Infiltration of storm water into the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training programme, especially for operational personnel;
- The Division will be working in consultation with the Department of Water Affairs to address catchment management.

2.3 Measurable performance objectives and indicators

The table below shows the key measurable financial indicators of the Bela Bla municipality. With time permitting and availability of information, these indicators will be benchmarked against the indicators of other municipalities of similar type, size and functions

Table 19 MBRR Table SA8 – Performance indicators and benchmarks

Choose name from list - Supporting Table SA8 Performance indicators and benchmarks

Choose name from list - Supporting Table SAH Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.8%	1.0%	3.2%	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	1.0%	1.7%	4.2%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	-9.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	0.3	0.4	0.5	—	0.7	—	—	0.6	0.6	0.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.3	0.4	0.5	—	0.7	—	—	0.6	0.6	0.7
Liquidity Ratio	Monetary Assets/Current Liabilities	(0.0)	0.1	0.1	—	0.2	—	—	—	—	—
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		83.5%	86.4%	94.3%	111.2%	91.6%	0.0%	0.0%	86.2%	96.8%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			83.5%	86.4%	94.3%	111.2%	91.6%	0.0%	0.0%	86.2%	96.8%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	11.6%	12.0%	11.2%	0.0%	9.6%	0.0%	0.0%	69.3%	69.4%	68.6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65%)										
Creditors to Cash and Investments		1211.6%	859.9%	1246.4%	0.0%	58.1%	0.0%	0.0%	-748.4%	-664.8%	114.8%
Other Indicators											
	Total Volume Losses (kW)										
Electricity Distribution Losses (2)	Total Cost of Losses (Rand '000)										
	Total Volume Losses (k7)										
Water Distribution Losses (2)	Total Cost of Losses (Rand '000)										
Employee costs	Employee costs/(Total Revenue - capital revenue)	37.0%	36.8%	29.2%	36.1%	31.0%	31.0%	0.0%	33.2%	32.3%	31.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	4.6%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		2.8%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	6.8%	24.4%	16.4%	2.8%	1.5%	1.5%	0.0%	2.8%	2.6%	2.6%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	(122.3)	31.0	20.1	19.8	19.8	19.8	—	19.0	18.9	20.7
ii.OS Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	17.3%	18.1%	16.7%	0.0%	13.9%	0.0%	0.0%	99.7%	99.6%	99.6%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.5	0.3	0.1	2.2	2.9	—	—	(1.9)	(2.2)	12.5

References

1. Consumer debtors > 12 months old are excluded from current assets
2. Only include if services provided by the municipality

2.4 Overview of budget related-policies

Bela Bela municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. The following policies have been reviewed and tabled to Council with the budget:

- Property rates;
- Debt and credit control;
- Budget Implementation and Monitoring;
- Supply Chain Management Policy;
- Cash Management and Investment Policy;
- Asset Management Policy;
- Bad Debt irrevocable Policy; and
- Rates Policy.

The 2013/14 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 63 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality's cash levels. Finally, debt owed by Councillors and municipal staff has been prioritised for speedy recovery. The credit control and debt collection policy has prioritised this area to show an example.

2.4.1 Asset Management Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.4.2 Sundry tariff Policies

The municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies will be tabled with the budget for approval.

2.5 Overview of budget assumptions

2.5.1 External factors

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank by an estimated 1.8 per cent last year and about 900 000 people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven, and that growth in real terms for 2012 will be moderate at around per cent rising to 2.5 per cent by 2013.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2013/14 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Bela Bela's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee and Councillor related costs comprise 39.4 per cent of total operating expenditure in the 2012/13 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement with SALGBC is not yet concluded and National Treasury has advised municipalities to budget for an increase of 5.0 per cent.

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The municipality did not budget to raise any long term loans due to the squeezed cash position and low payment levels.

2.5.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (63 per cent) of annual billings. Cash flow is assumed to be 63 per cent of billings including collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.5 Growth or decline in tax base of the municipality

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtors' collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.6 Salary increases

The collective agreement regarding salaries/wages for employees concluded in 2012. National Treasury advised municipalities to budget for an increase on 6.85 per cent for 2013/14.

2.5.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities, as articulated by the President of the country in his State of the Nation Address (SoNA) early this year, form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc). Service charges constitute between 44.0 per cent and 49.0 per cent of operating revenue over the medium term. This is followed by transfers from national government at 23.0 per cent and by property rates at an average of 18.0 per cent.

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget.

The revenue strategy is a function of key components such as:

- Growth in the municipality Gross Value Added (GVA) and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent (increase from 80 per cent) annual collection rate for consumer revenue;
- Accurate and timely billing, which currently poses some challenges to the municipality;
- National Treasury guidelines;

- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

2.7 Annual budget and SDBIP – Internal departments

The municipality provides major infrastructure projects internally, though some technical work is contracted to professional service providers such as designs. The key service delivery departments are Technical Services and Social and Community Services. The Planning and IDP Department also does some work related to job creation and Local Economic Development, including Town Planning and establishment.

Each of the above departments is headed by a Senior Manager directly accountable to the Municipal Manager. About 50.5 per cent of the capital budget is allocated to Technical Services while around 43.0 per cent of the capital budget is allocated to Social and Community Services department.

The Senior Managers submit their departmental Service Delivery and Budget Implementation Plans to the Municipal Manager and then compiles the municipal SDBIP which is submitted to the Mayor and tabled with the budget. These SDBIP form the basis of performance agreements

2.8 Contracts having future budgetary implications

The municipality does have contracts that go beyond the three years. The one contract with a five year duration was for banking services with ABSA and it has expired. The municipality is in the process of evaluating the bids and this process will be concluded before the beginning of the 2012/13 financial year.

2.9 Legislation compliance status

Compliance with the MFMA implementation requirements has been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved. However, changes in the new financial system to improve the quality of the reports.
2. Internship programme
The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Budget and Treasury Office. The contracts of the new Interns commenced in November 2012 and will expire in October 2014 and Council would consider extending the contracts for the Interns to complete both their academic and theoretical training.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.

4. **Audit Committee**
A shared Audit Committee with the Waterberg District municipality has been established and is fully functional.
5. **Service Delivery and Implementation Plan**
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2013/14 MTREF directly aligned and informed by the 2013/14 MTREF.
6. **Annual Report**
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. **MFMA Training**
The MFMA training module in electronic format is presented and training is ongoing.
8. **Policies**
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.10 Other budget supporting documents

Table 20 MBRR SA10 – Funding Measurement

Choose name from list Supporting Table SA10 Funding measurement

Choose name from list supporting Table SA10 Funding measures												
Description	MFMA section	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	5 162	4 210	1 760	32 494	44 381	—	—	(40 878)	(48 003)	293 974
Cash + investments at the yr end less applications - R'000	18(1)b	2	(48 812)	(22 435)	(14 744)	—	2 602	—	—	(147 519)	(126 519)	(126 829)
Cash year end/monthly employee/supplier payments	18(1)b	3	0.5	0.3	0.1	2.2	2.9	—	—	(1.9)	(2.2)	12.5
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	11 372	(32 725)	(6 187)	25 994	46 378	46 379	—	(40 878)	(29 332)	(16 923)
Service charge rev % change - macro CPD target exclusive	18(1)a(2)	5	N.A.	7.6%	17.2%	(9.1%)	16.9%	(6.0%)	(106.0%)	5.3%	3.4%	3.4%
Cash receipts % of Ratepayer & Other revenue	18(1)a(2)	6	83.5%	86.4%	94.3%	111.2%	91.6%	0.0%	0.0%	86.2%	95.8%	95.8%
Debt impairment expense as a % of total billable revenue	18(1)a(2)	7	16.0%	12.4%	8.8%	2.2%	1.7%	0.0%	0.0%	22.2%	20.5%	20.3%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.0%	100.0%	2113.9%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	(9.5%)	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - inc/(decr)	18(1)a	11	N.A.	18.7%	14.7%	(100.0%)	0.0%	(100.0%)	0.0%	699.3%	9.4%	9.4%
Long term receivables % change - inc/(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M% of Property Plant & Equipment	20(1)(u)	13	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asset renewal % of capital budget	20(1)(u)	14	0.0%	0.0%	0.0%	12.2%	248.0%	0.0%	0.0%	27.9%	58.9%	80.6%

References

1. Positive cash balances indicative of minimum compliance - subject to 2
2. Deduct cash and investment applications (defined) from cash balances
3. Indicative of sufficient liquidity to meet average monthly operating payments
4. Indicative of funded operational requirements
5. Indicative of adherence to macro economic targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
6. Realistic average cash collection forecasts as % of annual billed revenue
7. Realistic average increase in debt impairment (doubtful debt) provision
8. Indicative of planned capital expenditure level & cash payment timing
9. Indicative of compliance with borrowing only for the capital budget - should not exceed 100% unless refinancing
10. Substantiation of National/Province allocations included in budget
11. Indicative of realistic current arrears debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
12. Indicative of realistic long term arrears debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
13. Indicative of a credible allowance for repairs & maintenance of assets - functioning assets revenue protection
14. Indicative of a credible allowance for asset renewal (requires analysis of asset renewal projects as % of total capital projects - detailed capital plan) - functioning assets revenue protection

The funding measurement table above shows that the municipality will generate cash enough to fund its budget.

2.11 Municipal manager's quality certificate

I, municipal manager of Bela Bela Local municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Acting municipal manager of Bela Bela Local Municipality

Signature _____

Date _____